

Message Text

CONFIDENTIAL

PAGE 01 LAGOS 00067 041444Z
ACTION EB-07

INFO OCT-01 AF-08 EUR-12 ISO-00 L-03 JUSE-00 TRSE-00
CIAE-00 INR-07 NSAE-00 AID-05 IGA-02 OPIC-03 OMB-01
/049 W

-----041507Z 067636 /46

R 041400Z JAN 77
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 8508
USDOC WASHDC
INFO AMEMBASSY LONDON
AMEMBASSY BONN
AMEMBASSY ACCRA

C O N F I D E N T I A L LAGOS 0067

E.O. 11652: GDS
TAGS: BEXP, BDIS, EWWT, NI
SUBJECT: NIGERIAN CEMENT PROBLEMS REEMERGE

REF: (A) LAGOS 14147 (B) LAGOS 2501

1. LITIGATION IN US OVER FMG CANCELLATION OF CEMENT CONTRACTS IN
1975-76 NOW LOOMING WITH POSSIBILITY OF FRAYED OFFICIAL NIGERIAN
TEMPERS AND NEGATIVE PRESS REACTION. EMBASSY INFORMED BY BUSINESS
CONTACTS HERE THAT THREE NEW YORK FIRMS (NATIONAL AMERICAN CORPORATION,

KAISER TRADING CO., NATIONAL BANK AND TRUST CO. OF NORTH AMERICA LTD.)

HAVE APPLIED TO US DISTRICT COURT IN NEW YORK TO ATTACH FUNDS OF
NIGERIA HELD IN MORGAN GUARANTY BANK TOTALLING SEVERAL MILLION
DOLLARS. THE THREE COMPANIES WILL PRESENT A CONSOLIDATED CASE AT
FORTHCOMING TRIAL. CLAIMS MAINLY CONCERN UNPAID DEMURRAGE. LITIGANTS
REPORTEDLY ENCOURAGED BY EXAMPLE OF GERMAN COMPANY WINNING COMPENSATION

CASE IN WEST GERMANY. NO COMMENT YET MADE TO US BY NIGERIANS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LAGOS 00067 041444Z

2. IN LAGOS ORDERS FOR NEW CEMENT NOW BEING NEGOTIATED TO MEET
INCREASINGLY VISIBLE SHORTAGE. SETTLEMENT OF DISPUTED CLAIMS
WITH PRIOR US AND OTHER SUPPLIERS, HOWEVER: NOT AS FAR ADVANCED
AS INDICATED IN PAST MONTHS BY FRED EGBE, CHAIRMAN OF CEMENT
CONTRACT NEGOTIATING COMMITTEE. AS EARLY AS MARCH 1976 EGBE HAD
INSISTED THAT CLAIMS OF FIRMS WELL ON WAY TO BEING SETTLED TO
SATISFACTION OF ALL PARTIES. COMMITTEE: SET UP TO RESOLVE

INDIVIDUAL DISPUTES RESULTING FROM CANCELLATION OF CONTRACTS AND LETTERS OF CREDIT, WAS RECENTLY DISSOLVED DURING TEMPORARY ABSENCE OF EGBE FROM NIGERIA, ACTION ATKEN, ACCORDING TO FMG SPOKESMEN, BECAUSE EGBE HAD BEEN MAKING IMPROPER COMMITMENTS AND PROMISES, INCORRECTLY GIVING SUPPLIERS IMPRESSION THAT THEIR REQUESTS WOULD BE FOUND ACCEPTABLE AND THAT THEY WOULD SOON BE INVITED TO NEGOTIATE FRESH CONTRACTS AND FURNISH NEW SHIPMENTS. RECONSTITUTED NEW COMMITTEE NOW CHAIRED BY V.O. KUKOYI, DEPUTY CHIEF, BANKING OPERATIONS, NIGERIAN CENTRAL BANK. OTHER MEMBERS ARE COMMITTEE SECRETARY A.O. OKAFOR, MINISTRY OF TRANSPORT, AND MRS; M.A. MAJA-WASSIAMAL, LEGAL ADVISER, MINISTRY OF JUSTICE. THIS COMMITTEE AUTHORIZED ONLY TO SETTLE EXISTING CLAIMS AND MAKE RECOMMENDATIONS FOR NEW CONTRACTS TO BE AWARDED BY MINISTRY OF COOPERATIVES AND SUPPLY. COMMITTEE ITSELF HAS NO AUTHORITY TO MAKE CONTRACTS.

3. ONE US FIRM THAT COMPLAINS OF BEING MISLED BY EGBE IS EAST EUROPE IMPORT EXPORT INC, 440 PARK AVENUE (OWNED BY ROBERT ROSS, FORMER ROMANIAN CITIZEN, WHO ACTIVE IN TRADING WITH EAST EUROPEAN COUNTRIES). WASHINGTON LAWYER THOMAS SPRADLIN (CLIFFORD, WARNKE, GLASS, 815 CONNECTICUT AVE), REPRESENTING COMPANY ON VISIT HERE, CONFERRED SEPARATELY WITH NEW COMMITTEE AND WITH EMBASSY DEC. 22-23. CONTRARY TO WRITTEN ASSURANCES GIVEN COMPANY BY EGBE THAT IT SHOULD COME TO LAGOS TO NEGOTIATE NEW SALE, KUKOYI STATED THAT EAST EUROPE SHOULD SIGN RELEASE WAVING ALL PREVIOUS CONTRACT TERMS AND CLAIMS FOR DAMAGES. ONCE THIS WAS DONE THE COMMITTEE WOULD RECOMMEND THAT COMPANY BE CONSIDERED FOR NEW CONTRACT. REGARDING THIS AS UNJUST, VAGUE AND UNRELIABLE, EAST EUROPE HAS REFUSED TO ACCEPT SUCH ARRANGEMENT
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LAGOS 00067 041444Z

AND WILL CONTINUE TO PRESS FOR MORE SATISFACTORY SOLUTION. WILL AT LEAST FOR TIME BEING DESIST FROM LITIGATION. SPRADLIN EMPHASIZED THAT COMPANY COMPLIED CLOSELY WITH FMG RULES DURING CEMENT CRISIS, TURNING BACK TO SUPPLY PORT THE ONE SHIP IT HAD ON HIGH SEAS AT TIME OF EMBARGO EDICT AND CANCELLING BALANCE OF ORDER. IT STILL THINKS IT HAS GOOD POTENTIAL FOR FUTURE BUSINESS.

4. REFLECTING GROWING NEW SHORTAGE OF CEMENT, FMG ON JANUARY 3 AUTHORIZED NEW OFFICIAL PRICE RISE OF ROUGHLY 15 PERCENT FOR BAGGED CEMENT IMPORTS. PER LAGOS WHARF, APPROVED PRICE HENCEFORTH 3 NAIRA PER BAG VERSUS PRVIOUS NAIRA 2.60. FACT IS, HOWEVER, THAT CEMENT IS RETAILING FOR OVER NAIRA 8 A BAG IN VARIOUS PARTS OF COUNTRY. GOVT EXPLORING PURCHASES WITH NUMBER OF COUNTRIES AND HAS SENT MISSION TO USSR TO DISCUSS GOVT-TO-GOVT TRANSACTION.
EASUM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT PROCUREMENT, CONTRACTS, FERTILIZERS, CEMENT
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LAGOS00067
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770003-0182
Format: TEL
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770183/aaaactzw.tel
Line Count: 113
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bc0b5ddd-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 LAGOS 14147, 77 LAGOS 2501
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3668421
Secure: OPEN
Status: NATIVE
Subject: NIGERIAN CEMENT PROBLEMS REEMERGE
TAGS: BEXP, BDIS, EWWT, NI
To: STATE COM
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/bc0b5ddd-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009